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30 JUNE 2020

**EXTRACT FROM THE MINUTES OF 23RD ORDINARY COUNCIL MEETING OF MOGALE CITY
LOCAL MUNICIPALITY HELD ON 30 JUNE 2020**

ITEM K(ii) 1(06/2020)

ANNUAL BUDGET FOR MTREF 2020/2021 – 2022/2023

RESOLVED:

1.1 That cognizance be taken:

1.1.1 of fact that the 2020/21 annual budget is a balanced budget as revenue estimates exceed expenditure estimates by R43,272 million however it is unfunded as a result of below stated factors:

- 1.1.1.1 Marginal growth in revenue base due contraction of local economy;
- 1.1.1.2 Increased unemployment level due to COVID-19 resulted drastically reduced revenue collection and thus huge provision for debts impairment amounting to R182,299 million;
- 1.1.1.3 Percentage (6,25%) increase of salary for employees as determined at SALGABC that is out of sync with current economy situation and municipal revenue levels resulted into R45,340 million increase in the remuneration budget;
- 1.1.1.4 Increase due to COVID-19 in unfunded mandates activities especially in the area of social development;
- 1.1.1.5 Increasing number of informal settlements resulted in rising costs for providing basic essential services, such water, sanitation, waste management and security services to prevent illegal land invasions;
- 1.1.1.6 Ageing infrastructure resulted in high level of losses and thus increased costs for providing services and huge provision for assets impairment amounting to R306, 585 million.

- 1.1.2 of the supporting documents (proposed tariffs schedule and amended budget related policies) for the 2020/2021 to 2022/2023 Medium Term Revenue & Expenditure Framework (MTREF) presented as required by Sec 24 of the Municipal Finance Management Act (MFMA) No.56 of 2003.
- 1.1.3 of the provision made in the 2020/21 annual budget for the increase of salaries by 6.25% for employees under SALGABC determined as per salary and wage collective agreement of 2018-2021.
- 1.1.4 of the provision of 4% made in the 2020/21 annual budget for the expected increase in salaries of all Councillors and the Senior Managers as defined in the Municipal Systems Act.
- 1.1.5 of the reviewed Integrated Development Plan (IDP) which include municipal council strategies, prioritized the community needs as well as recommended programmes and services to address these priority needs.
- 1.1.6 of the need to conduct the employees skills audit and implementing re-skilling training programmes in functional areas where there is a lack of capacity.
- 1.1.7 of the provision made in the annual budget based on COVID-19 risks levels recommendations to cater voluntary exit plan of employees who are 60 years and above of age.
- 1.2 That the annual budget for the financial year 2020/2021 and the indicative estimates for the two projected outer years for 2021/2022 and 2022/2023 be approved, as set out in accordance with section 24 of the Municipal Finance Management Act 56 of 2003 read with Municipal Budget and Reporting (MBRR) section 9 in the following tables:
 - 1.2.1 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in (**MBRR Table A1**);
 - 1.2.2 Budgeted Financial Performance (revenue and expenditure by standard classification) as contained in (**MBRR Table A2**);
 - 1.2.3 Budgeted Financial Performance (revenue and expenditure by municipal vote) as contained in (**MBRR Table A3**);
 - 1.2.4 Budgeted Financial Performance (revenue by source and expenditure by type) as contained in (**MBRR Table A4**);
 - 1.2.5 Multi-year and single-year capital appropriations by municipal vote and functional classification and associated funding by source as contained in (**MBRR Table A5**).
 - 1.2.6 Budgeted Financial Position as contained in (**MBRR Table A6**)
 - 1.2.7 Budgeted Cash Flows as contained in (**MBRR Table A7**);
 - 1.2.8 Cash backed reserves and accumulated surplus reconciliation as contained in (**MBRR Table A8**);
 - 1.2.9 Asset management as contained in (**MBRR Table A9**);
 - 1.2.10 Basic service delivery measurement as contained in (**MBRR Table A10**).
- 1.3 That the rates and tariffs increases as listed below be approved in terms of Section 75A of the Local Government: Municipal Systems Act (Act 32 of 2000):

- 1.3.1 Zero percent (0%) on property rates and 10% Special Rebate for COVID-19 relief – as set out in Schedule 4(a)
 - 1.3.2 6,22% on the tariffs for electricity – as set out in Schedule 4(a);
 - 1.3.3 6,6% on the tariffs for the supply of water – as set out in Schedule 4(a).
 - 1.3.4 6,6% on the tariffs for sanitation services – as set out in Schedule 4(a).
 - 1.3.5 6% on the tariffs for solid waste removal – as set out in Schedule 4(a).
 - 1.3.6 6% on the tariffs for other services, as set out in Schedule 4 (a).
 - 1.3.7 6% on the tariffs for bulk contributions and wayleaves, as set out in Schedule 4(b).
- 1.4 That based on recommendation 5.1.1.3 above on factors prompting the unfunded budget, SALGA be mandated to apply on behalf of the municipality in terms of clause 11 of the Salary and Wage Collective Agreement for 1 July 2018 – 30 June 2021 for the exemption to implement the salary increase whether in full or in part.
- 1.5 That the reviewed property rates policy as Annexure 1 and by-laws as Annexure 2 to give effect to the rates policy be approved in terms of Section 5 and Section 6 respectively of the Local Government: Municipal Property Rates Act (Act 6 of 2004).
- 1.6 That the revised and new budget related policies as listed below be adopted and approved:
 - 1.6.1 Annexure 3: Draft Cost Containment Policy (new)
 - 1.6.2 Annexure 4: Draft Unclaimed Monies Policy (new)
 - 1.6.3 Annexure 5: Revised Borrowing Policy
 - 1.6.4 Annexure 6: Revised Long Term Financial Plan Policy
 - 1.6.5 Annexure 7: Revised Cash Management & Investment Policy
 - 1.6.6 Annexure 8: Revised Virement Policy
 - 1.6.7 Annexure 9: Revised Budget Management Policy
 - 1.6.8 Annexure 10: Revised Adjustment Budget Policy
 - 1.6.9 Annexure 11: Draft Sanitation Tariff Policy (new)
 - 1.6.10 Annexure 12: Revised Methodology – Impairment for Assessment of Useful lives of Assets Policy
 - 1.6.11 Annexure 13: Revised Assets Management Policy
 - 1.6.12 Annexure 14: Revised Credit Control & Debt Collection Policy
 - 1.6.13 Annexure 15: Revised Waste Tariff Policy
 - 1.6.14 Annexure 16: Revised Indigent Management Policy;

1.6.15 Annexure 17: Revised Indigent Burial Policy

1.6.16 Annexure 18: Revised Grant in Aid Policy

1.6.17 Annexure 19: Draft Bulk Contributions Policy (new)

1.6.18 Annexure 20: Revised Supply Chain Management

1.6.19 Annexure 21: Revised Unauthorised, Irregular, Fruitless & Wasteful Expenditure Policy

1.6.20 Annexure 22: Revised 1% Corporate Social Responsibility Policy

1.6.21 Annexure 23: 2020/2021 Amendment to the IDP

1.7 That the following budget related policies without any amendments be noted as they remain in force in the 2020/2021 financial year:

1.7.1 Write Off Policy;

1.7.2 Sports & Recreation Facilities Tariff Policy;

1.7.3 General Tariff Policy;

1.7.4 Public Safety Tariff Policy;

1.7.5 Water Services By-laws;

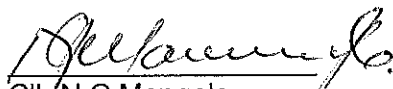
1.7.6 Mogale City Tree Management & Conservation Policy;

1.7.7 Mogale City Parks By-Laws;

1.7.8 Fleet Management Policy;

1.7.9 Travelling Allowance Policy.

CERTIFIED A TRUE EXTRACT


Cllr N C Mangole
The Speaker of Council

1/07/2020
Date of Signature